Du Pont Canada Inc.

Annual Report 1979

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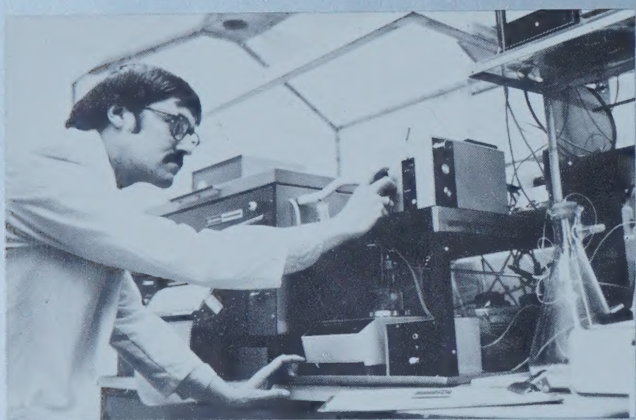


Cover Photos

Bill Knapp, of our Research Centre in Kingston, is using a unique combination of instruments to examine the molecular weight distribution of polyethylene resin. Our scientists developed the process used to manufacture polyethylene at our St. Clair River Works pictured on the cover.

Product from this plant is exported directly to 270 customers in 51 countries as well as being marketed throughout Canada.

Nous serons heureux de vous envoyer, sur demande, l'édition française de ce rapport.

Notice
The 69th Annual General Meeting of Shareholders will be held at the Registered Office of the Corporation, 555 Dorchester Blvd. West, Montreal, Quebec on Friday 1980 April 25 at 12:00 noon.

Du Pont Canada Inc.

Annual Report 1979

DU PONT CANADA

Company Profile

Du Pont Canada Inc. is a diversified manufacturing company with a total investment in Canada of about \$850 million. Generally, we take basic chemicals and upgrade them for use by other manufacturers who convert the products into consumer goods. Included in our wide range of products sold are man-made fibres, polyethylene resins, packaging films, explosives, automotive finishes, agricultural chemicals, industrial chemicals and allied products. Extensive research and development programs have enabled us to expand our product line, improve the efficiency of our operations and diversify the range of applications for our products.

Shipments, which were \$879 million in 1979, are made to over 5 000 customers located in Canada and 70 countries abroad.

The Company has a 20% equity interest in Petrosar Limited, a world-scale petrochemical complex near Sarnia, Ontario. Petrosar supplies a portion of our raw materials requirements.

A wholly-owned subsidiary, Du Pont of Canada Exploration Limited, is actively engaged in mineral exploration in Canada.

Approximately 5 800 people are employed in the Company's plants and offices across Canada. The Board of Directors consists of eleven members, of whom eight are Canadian, three American. The management is entirely Canadian.

Financial Highlights

			1979	1978
Sales	(Dollars in millions)		$879.2	$661.9
Net income	(Dollars in millions)		$ 59.0	$ 10.2
Per cent return on:				
Sales			6.7	1.5
Average total investment	(Based on net income before interest expense)		8.6	3.0
Price indices (1970 = 100):				
Company selling price index	Manufactured products		179	153
Company raw materials and energy price index			332	277
Results per common share:				
Funds from operations			$14.55	$ 6.17
Earnings	By quarter	First	$ 1.12	$ 0.26
		Second	1.67	0.54
		Third	2.32	0.24
		Fourth	2.35	0.24
	Total for the year		$ 7.46	$ 1.28
Dividends Declared			$ 0.75	—
Shareholders' Equity			$29.64	$22.93

Board of Directors

Joseph A. Dallas
Director,
E.I. du Pont de Nemours & Company

A. Jean de Grandpré, Q.C.
Chairman and Chief Executive Officer,
Bell Canada

David S. Holbrook
Consultant,
Iron and Steel Industry

D. Carlton Jones
President,
Carlton Resource Management Limited

John A. Klacsmann
Vice-President — International,
E.I. du Pont de Nemours & Company

Hon. Donald S. Macdonald, P.C.
Partner,
McCarthy & McCarthy,
Barristers & Solicitors

Franklin S. McCarthy
Director and former President
and Chief Executive Officer,
Du Pont Canada Inc.

Donald S. McGiverin
President and Chief Executive Officer,
Hudson's Bay Company

J. Edward Newall
Chairman, President and Chief
Executive Officer,
Du Pont Canada Inc.

Robert J. Richardson
Senior Vice-President and Director,
E.I. du Pont de Nemours & Company

Roy L. Schuyler
Director

Honorary Director
Herbert H. Lank
Former Director, Chairman and
President,
Du Pont Canada Inc.

Committee on Audit
R. J. Richardson — Chairman
D. C. Jones
D. S. Macdonald
F. S. McCarthy

Human Resources Committee
J. A. Dallas — Chairman
A. J. de Grandpré
D. S. Holbrook
D. S. McGiverin
R. J. Richardson

Corporate Management

Policy Committee

J. E. Newall — Chairman

Bertalan L. Turvolgyi
Senior Vice-President

Donald A. S. Ivison
Vice-President and Chief Financial
Officer

Gordon R. Wittman
Vice-President, Corporate Development

Colin C. Young
Vice-President and Secretary

Operations Committee

B. L. Turvolgyi — Chairman

Peter R. Duffield
Vice-President — Fibres Group

Robert C. Finlay
Vice-President — Plastics and Films
Group

F. Gerald Fox
General Counsel

Finn Hovland
Vice-President — Manufacturing Group

Peter Pick
Treasurer

James O. Torrens
Vice-President

Patrick A. Turner
Vice-President — Chemicals Group

John A. Walsh
Directeur général
Les Opérations du Québec

Assistant Treasurers
Paul M. Costello
Thomas S. Morse

Directors' Report To The Shareholders

By almost any standard, 1979 was a remarkable year for Du Pont of Canada. Record net earnings of $7.46 a common share show clearly that many factors worked to our advantage.

Total sales revenues reached $879 million, up 33 per cent from 1978. Export sales of manufactured products increased by 49 per cent over the previous year.

We obtained excellent results from the programs undertaken over the past several years. The expansion of facilities that began in the early 1970's provided the capacity to meet unprecedented demand from our domestic and export customers. Cost control played an important part. For example, selling, general and administrative expenses were seven per cent of total sales revenue in 1979 compared with 11 per cent in 1974.

Our employees made major savings through productivity improvements and energy conservation. The reduction in energy consumption per unit of production achieved since 1972 resulted in savings of $13 million in 1979.

The lower value of the Canadian dollar has helped improve both our own and our customers' cost competitiveness. As a result, our customers have been able to make substantial gains in volume through displacing imports and increasing their exports.

The Company continues to develop new markets for its products. There is a growing export opportunity for Canadian manufacturing. However, the success of our manufacturing sector both at home and in export markets is critically dependent on Canada's reducing its inflation rates to more acceptable levels, and on the value of the dollar remaining near present levels.

The Company's financial position strengthened considerably during the year. As a result, your Directors were pleased to resume payment of dividends on the common shares. The total amount declared for the year, including a 25 cent year-end extra dividend, was 75 cents a share.

Additions to plants and properties totalled $23.3 million, an increase of $12.7 million over the previous year.

Late in the year, we announced a further expansion at the polyethylene resins plant near Sarnia. Capacity will increase from 450 million to 520 million pounds per year by the end of 1980. Design and engineering studies also are under way on a further project that would increase capacity to 700 million pounds by 1983.

The need for additional capacity in many product lines is expected to result in considerable growth in investment over the next several years.

The longer term prospects for Du Pont of Canada remain excellent. In the immediate future, however, any pronounced recession in the United States will affect our results.

Similarly, rising energy prices will change consumer spending patterns and will reduce growth in demand for many of our products. Nevertheless, the Company recognizes that price increases must occur to develop additional supplies of energy for Canada, particularly from frontier and non-conventional sources. Canadians should not underestimate the magnitude of the task and the investment required to achieve oil self-sufficiency. We also believe that without compromising the achievement of this critical objective, Canada can provide a competitive edge for its economy by pricing energy at levels somewhat lower than those prevailing in the U.S.A.

The debate about the future of Confederation has profound economic as well as political implications. We can see the need for constitutional changes that would more clearly define the respective provincial and federal responsibilities. It is imperative, however, to find a means for doing so without weakening those central powers that are essential for directing the national economy decisively. Further fragmentation of the Canadian market would be very damaging. We are confident that the Canadian people have the wisdom, tolerance and understanding to support appropriate change.

Your Directors are pleased to acknowledge the vital contribution of our employees. The exceptional results reported here are a direct result of the skill, ingenuity and perseverance of people throughout the organization.

On behalf of the Directors,

J E Newall

Chairman, President and Chief Executive Officer
1980 February 29

Employees
Total safety performance was maintained at a high level during 1979; however, on-the-job safety performance slipped from the record-setting achievements of 1977 and 1978.

Our employees suffered a total of five lost-time injuries at work, compared with two in each of the two previous years. Nonetheless, our 1979 experience was just one-twelfth as severe as the 1978 average for the North American chemical industry.

For the second consecutive year fewer of our employees suffered lost-time injuries off-the-job. The total was 109 compared with 162 in 1977 and 140 in 1978.

Company representatives visited 18 Canadian universities to interview graduating students and about 75 graduates will start work with us in the Spring. This program is vital to ensuring that well-trained people are steadily brought into the organization, to gain experience and to prepare to move into the management team as the Company's activities grow.

Several improvements were made in the Company-financed pension plan. Retiring employees will benefit from higher pensions. Another change reduces ages at which survivor pensions become available when death occurs during an employee's service with the Company.

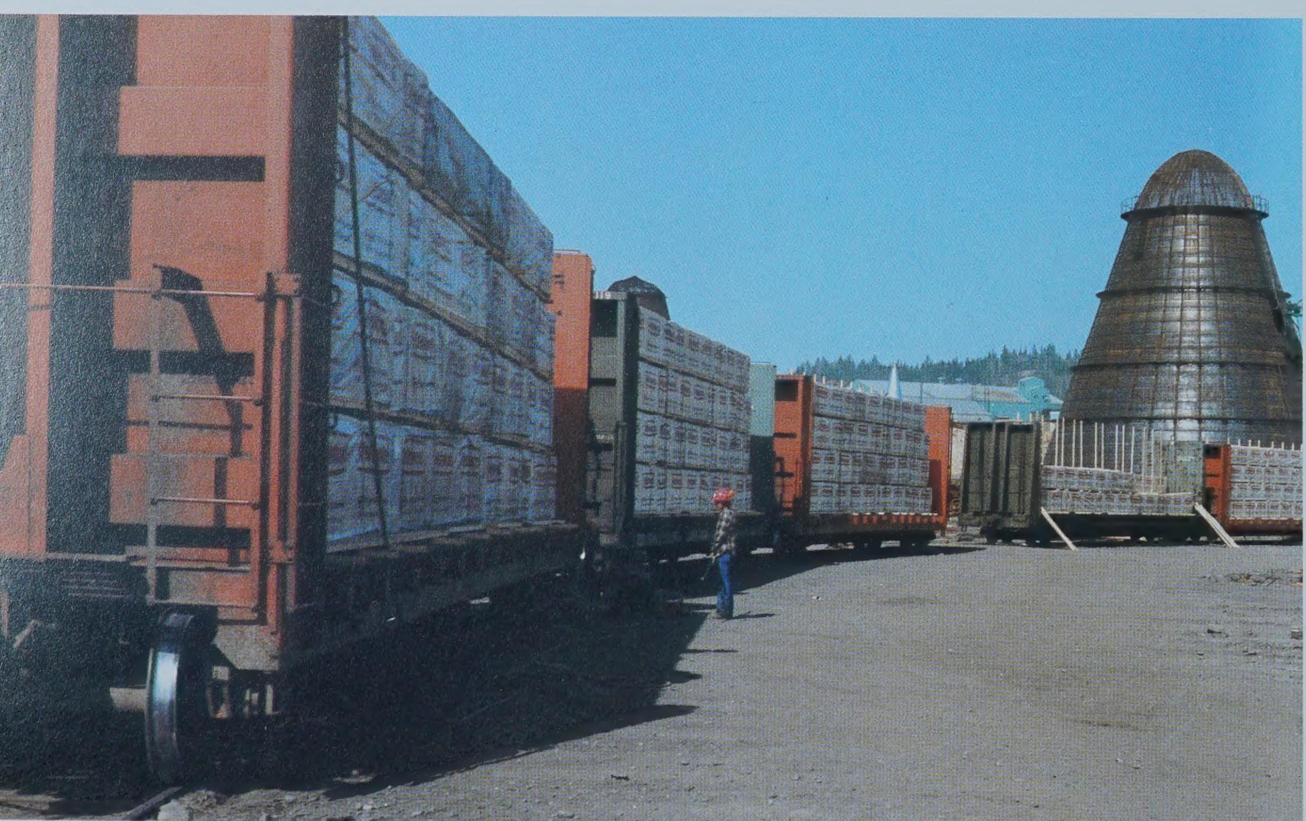
At the year end, 759 people were receiving Company pensions. In 1979 November, in recognition of the adverse effects of inflation, pensions for those who had retired in 1977 November or earlier were increased by 12 per cent. Those who had retired after 1977 November received proportionately smaller adjustments. This was the sixth such increase since 1968. At year end, an independent trustee held $146 388 000 in the irrevocable Pension Trust Fund to meet future pension payments under the plan.

Research
The Company has expressed concern over the comparatively low level of investment in research and development (R & D) in this country.

Du Pont of Canada has been actively involved in research and development in Canada for several decades. The work of our research scientists has had an impact on almost every product we make and process we operate. We are convinced that achievement of Canada's potential for above average economic growth requires a much higher level of innovation in the economy.

We participated in a study done jointly during 1979 by the Business Council on National Issues and The Canadian Manufacturers' Association and we support their recommendations. Their report noted that the fundamental prerequisite for achieving a much higher level of innovation in the economy is an environment that leads to healthy profit performance in the private sector.

Protection of lumber shipments, as shown at Quesnel, B.C., is one of man industrial uses for "Fabrene" woven polyolefin fabric.



The study advanced proposals which, if implemented, would reduce the high risks and improve the returns on R & D expenditures. A larger share of corporate cash flows would be allocated to R & D as a result.

Mineral Exploration

The mineral exploration program continued during 1979. Of particular interest are a small gold and silver deposit near Chappelle, B.C. and a lead-zinc deposit in the Great Slave Lake area of the Northwest Territories.

We expect to put the gold-silver deposit into production by 1981. The operation will be known as the Baker Mine in honour of the late Arthur H. Baker. Indicated reserves are sufficient for three years of small-scale mining.

The Great Slave Reef property is a joint project with Western Mines Limited. Two significant deposits have been discovered to-date. Based upon these encouraging results, exploration is continuing

with the objective of finding sufficient ore to support a mining operation.

On 1980 February 01 the Company informed Lacana Mining Corporation of its intention to exercise its existing option to purchase one million shares of Lacana's stock. Du Pont of Canada has agreed to sell these shares, together with the present holding of 1 147 809 Lacana shares, to Newmont Mining Corporation. Approval under Canada's Foreign Investment Review Act will be required.

Officer Changes

The death of Arthur H. Baker last May represented a significant loss. Mr. Baker joined the Company in 1947. At the time of his death he was Vice-President, Operating Services, Director of Du Pont's Minerals Venture and President of Du Pont of Canada Exploration Limited.

Effective 1979 November 01, Finn Hovland was appointed Vice-President, Manufacturing Group, succeeding J. O. Torrens. Mr. Torrens continued as Vice-President and assumed responsibility for certain strategic studies.

Late in the year, J. E. Newall was appointed Chairman of the Board, succeeding Robert J. Richardson who continues as a Director. Mr. Newall also retains his previous responsibilities as President and Chief Executive Officer.

Les Opérations du Québec

After an extensive study of its present business activities and future opportunities in Québec, the Company established a regional organization to manage its business in the Province.

The new group, Les Opérations du Québec, has several responsibilities. It is expected to respond quickly and effectively to the requirements of our Québec customers. It also is responsible for searching out new opportunities for us in the Province.

Other functions of this group include maintaining liaison with government authorities, assessing the impact of legislation on our operations, and assuring compliance with provisions of language laws. A key responsibility is to help us recruit and develop more Francophone graduates for assignments throughout the Company.

Formation of Les Opérations du Québec strengthens the Company's ability to function in French across its Québec operations.

A Company-wide energy conservation program played a major role in controlling costs. John Kruis (left) and Jim Watkins are members of the conservation team at Maitland Works. They spend full time examining plant processes for ways to cut energy use.

The class of '79. These Kingston Works employees are among more than 80 graduates who joined the Company direct from University. (L-R) Dave Kerneghan (Wilfrid Laurier); David Warburton (Queen's); Richard Taillon (Laval); Cathy Simone (Western Ontario) and, seated, Derrick Russell (Nova Scotia Tech.).

Manufacturing Group

Employees in the manufacturing organization played a major role in achieving 1979's record results.

In virtually every product area, increasing customer needs presented a challenge for the plants. Plant personnel responded with increased levels of efficiency and, in many instances, by raising plant capacity with innovative, low-cost investments. The impact on earnings was substantial.

Manufacturing continued its very successful energy conservation program. Our original objective was to reduce the rate of unit energy consumption (the amount of energy used per unit of production) by 20 per cent between 1972 and 1980. By the end of 1979, a reduction of 31 per cent had been achieved.

The reduction in energy use comes from well-planned programs in operation at every site. At Maitland Works — the largest energy-user among our plants — a four-man team literally searches out ways of reducing energy consumption. These employees — whose jobs may be unique in Canadian industry — work from a well-equipped mobile shop that moves from one area of the plant to another.

Our new energy objective is to reduce unit energy consumption 40 per cent by 1985, again using 1972 as the base year. Benefits of this program show up in more efficient use of scarce energy resources, as well as in reduced manufacturing costs.

Fibres Group

The stronger trend evident for most products in 1978 continued and overall results showed further improvement. Plants operated at close to capacity for much of 1979.

The continuation of the lower value of the Canadian dollar in relation to the U.S. and other major currencies helped improve the competitiveness of our customers. Another advantage was the level of raw material prices in Canada. Although these prices rose rapidly the advances were less than in Europe and Japan.

Sales of nylon BCF yarn and staple fibre, mainly for carpets, increased significantly during the year. Our customers in the carpet industry, who have invested heavily in modernization and expansion in recent years, increased their export sales. As a result Canada became a net exporter of carpets during the year.

Tire yarn sales were higher in both domestic and export markets. Tires reinforced with nylon fabric have major advantages under unusually demanding conditions. Consequently, nylon-reinforced tires are extensively used throughout the world on heavy trucks and off-the-road vehicles.

Market conditions in the apparel industry were good during most of 1979 except for a slowdown late in the year caused by the mild winter weather. A positive factor was the signing of comprehensive bilateral trade agreements with 19 low-wage countries designed to moderate the growth of imports from these sources. Canada's trade policies are becoming somewhat more consistent with those of the U.S.A. which has 29 such agreements and the European Common Market which has 31.

What is often forgotten is the fact that the Canadian market is open to the full force of competition from all of the developed nations. The Canadian textile industry meets

An injury-free record has been maintained at St. Clair River Works since start-up in 1959, the year Steve Bellyk was born. Gerry Grewe has worked safely there for the entire 21 years.

that competition daily in the market place. The improved cost competitiveness of the industry helped it make good gains in export markets during 1979.

Our sales of nylon and "Lycra" spandex yarns for apparel uses were up sharply during 1979. Reduced competition from abroad helped the nylon business. Strong demand from panty-hose and from sportswear both in Canada and Australia helped "Lycra" make good gains in 1979. New facilities to manufacture fine denier "Lycra" yarns to serve these markets were started up at mid-year. On the other hand, prices for both "Orlon" acrylic fibre and "Dacron" polyester yarns remain depressed due to severe competition from foreign producers who have substantial excess capacity.

Early in 1979 the Company announced it would begin production of polyester filament yarn at Coteau-du-Lac, Québec, in 1980. Start-up costs will have an adverse impact on manufacturing costs for polyester yarns in 1980.

Plastics and Films Group

Plastics

Our customers in plastics processing industries in Canada and other countries achieved excellent growth. As a result we sold much higher volumes of polyethylene resins both in domestic and export markets.

The rate of growth in this business has required almost continuous expansion of our St. Clair River Works near Sarnia. In 1978 we completed an expansion that doubled annual resin capacity to 450 million pounds. By the early 1980's even more capacity will be needed. To provide it, the Company will expand production by 70 million pounds in 1980, while at the same time carrying out design and engineering work on another project, which would further increase capacity to 700 million pounds.

Underlying the success of the polyethylene business is Du Pont of Canada's process and product research. The production process is versatile and highly efficient. Equally important, the process produces resins with unique characteristics that can be "tailored" to the special needs of customers. This capability becomes more important as customers increasingly require more efficient high-performance resins.

A typical example is the improvement in thin-walled containers for ice cream, margarine and other food products. Because of improvement in our resins and in fabricating methods, customers can produce containers that retain their strength even though wall thickness has been reduced by about one-third.

Packaging

Packaging products were in strong demand throughout the year both in domestic and export markets. The Company manufactures and sells three types of packaging film. Polyethylene film, sold under the trademark "Sclairfilm," is made at Whitby, Ontario, from resins produced at our St. Clair River, Ontario plant. Because the material has characteristics not found in other polyethylene films, it is employed mostly in specialized applications. The milk pouch is an example. The pouch was first used by Canadian dairies in 1969. Today

Lynne Henry inspects yarn at Kingston Works.

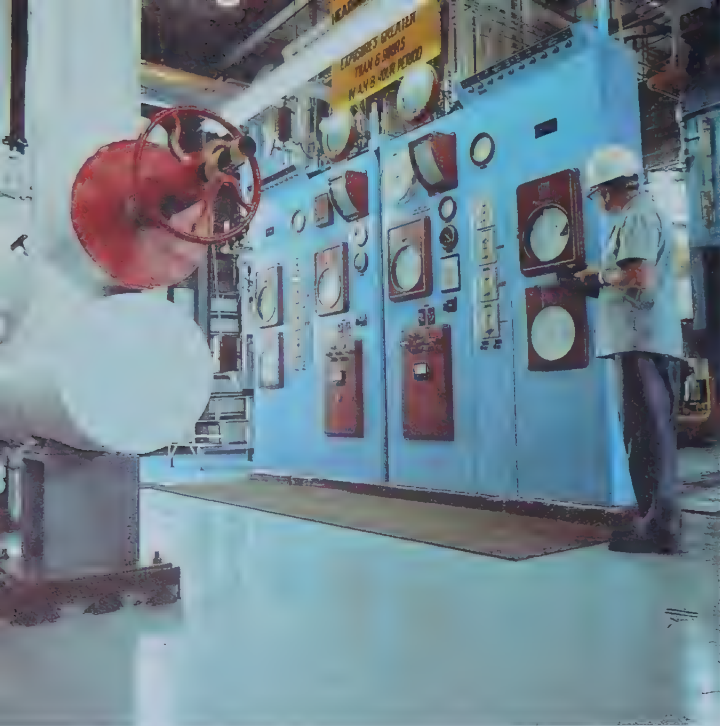
half of the milk purchased by consumers is in pouches. In addition to its convenience and cost effectiveness, the pouch system is

Du Pont of Canada products are exported to about 70 countries. Bill Smith and Gail Probert are Export Division employees at Mississauga, Ontario.

an efficient use of hydrocarbon resources. It compares favourably with returnable jugs and is more efficient than other single service milk packages. The system is suitable for packaging many liquids — in the past year, for example, it made gains as a container for orange juice.

"Cellophane" cellulose film is the original transparent packaging material, and has been well known for more than 50 years. Because of increasing competition from plastic films, the worldwide market for this product has been steadily declining. As a result, a number of plants in several countries have ceased production. Fortunately, production volume at our Shawinigan plant has remained relatively unchanged during the past two years.

"Dartek" nylon film was developed by our research scientists and is the only nylon film of its type manufactured in North America. It is especially suited for the packaging of processed meats. Because of its outstanding performance in this demanding application, it is in increasing demand in Canada, in the U.S.A. and in Europe.



Well maintained work areas help prevent accidents. Dave Irvine is employed in the powe house at North Bay plant.

At Customer Technical Centre Kingston, industrial specialists provide direct link between Company products and customers' manufacturing methods. (L-R) Evans Davis, Marshall Warder, Bill Schieck, Charlie Huskilson.

Woven Polyolefins
Significant cost reductions, product and process improvements, development of new markets and strong demand from existing markets combined to help this business make excellent progress during 1979.

Strong lightweight polyolefin fabrics are woven from tapes of polyethylene or polypropylene. First manufactured by the Company in 1969, they are found in hundreds of products in industry and the home.

They provide winter shelter for cars, swimming pools and construction projects, and protect ore and lumber shipments. They are used to make industrial bags and temporary storage bins for grain crops. The fabrics are widely employed as backing material for carpets.

During 1979 the product was employed for the first time as a component in industrial roofs. Here the fabric not only contributes to faster water run-off but also allows for more economical construction methods.

Pipe
Increased capital spending in the mining industry was a large factor in the significant growth in this business during 1979.

Du Pont of Canada introduced large-diameter polyethylene pipe in Canada 13 years ago and has pioneered its use in many projects throughout North America. The pipe is made for us at Huntsville, Ontario by Wiik and Hoeglund from our polyethylene resin.

In a new application, a large shipment of 48″ diameter "Sclairpipe" polyethylene pipe will be used in an experimental power project designed to generate electricity by utilizing the substantial temperature differences between the surface and the depth of the Pacific Ocean off the island of Hawaii.

Chemicals Group

Fluorocarbons
Controversy over the effect of fluorocarbons on the ozone layer continues to influence markets for these products.

During 1979 use of fluorocarbons in aerosol packaging continued to decrease. This decline was partially offset by the increasing needs of the refrigeration industry, where there are no suitable substitutes for fluorocarbons, and by the growing requirements for blowing agents by several industries, especially manufacturers of insulation materials. The insulation market is expected to become increasingly important as rapidly escalating energy costs encourage energy conservation.

Petroleum Chemicals
Since 1975 most new automobiles sold in North America have required unleaded gasoline because of the technology chosen to meet engine emission standards. With alternate technology, these automobiles could have used leaded gasoline and still have met Canadian emission standards. Had this occurred Canada would have consumed about 210 million imperial gallons (6 million barrels) less crude oil in 1979. This represents savings foregone of $207 million at oil import prices prevailing at year-end. In addition, the increased use of aromatics needed in unleaded gasoline forces up their price for alternate uses including such necessities of life as clothing.

Attainment of Canada's air quality and energy conservation objectives are important priorities. The technology is available to accomplish both with leaded gasoline.

Finishes
Overall results improved despite the general slowdown in new car production, which reduced the demand for automotive paints.

Industrial products, including "Teflon" and "SilverStone" non-stick finishes, showed good gains. The key factor in Finishes' improved results, however, was the strength of the aftermarket, including automobile repainting. This segment

Huge James Bay hydro project, a major customer for explosives, will play an increasingly vital role in Quebec's industrial future. (SEBJ Photo)

has a cyclical trend of its own, and often is unaffected by changing rates of new car production.

Colour matching is extremely important in the finishes business. Among the Company's strong points are advanced computer techniques for quality control of both automotive and refinish products. These techniques provide our customers with colour matches of outstanding precision.

Explosives

Overall shipments were about the same as in 1978 but earnings were lower as higher prices fell short of offsetting higher costs. Construction activity was slow in Eastern Canada during the early months of 1979. Export volume was also lower.

On the other hand, mining activity, supported by rising metal prices, increased steadily throughout 1979. Other strong markets were open pit coal mines in Western Canada and construction at James Bay.

We operate two bulk explosives plants at Hydro-Québec's giant James Bay development, one of the world's major construction undertakings. The vast scope of this project is illustrated by the fact that our plant at Caniapiscau dam site is some 300 miles east of our plant at LG 3, and 400 miles from the LG 2 generating station, which began transmitting electricity to Montreal last October.

Work requiring high volumes of explosives is expected to be nearly completed during 1980.

General Products

This business unit serves a broad range of Canadian industry with products made by E.I. du Pont de Nemours & Company.

Sales grew substantially over the previous year. Sales to the electronics industry reflected the strong performance of customers in that sector. Markets for chemicals and pigments also strengthened.

Products to improve health care form an important part of this unit's business. In recent years, developments in X-ray films and equipment have significantly reduced the amount of radiation used to produce high quality images needed for proper diagnosis.

The Automatic Clinical Analyzer, marketed by this unit, represents another advance in health care. This instrument permits a wide variety of clinical chemistry tests to be performed sequentially from one sample of blood or other body fluid. Its reliability, precision, 24 hours-a-day availability and ease of operation make it very useful in many types of diagnosis and for emergency care. As a result, it is being installed in hospitals across Canada.

Export

Exports have been an important part of the Company's business for more than a quarter of a century. In 1979 record export sales of manufactured products were up 49 per cent to over $116 million.

We have continued to expand our export distribution system and now sell to over 475 customers in 70

Modern analytical instruments help Research staff at Kingston "diagnose" complex process problems. Bill Hicks operates infrared spectrophotometer that includes computer and laser components.

Dawson, Yukon, and other northern communities have reduced the cost of installing water and sewer lines by employing insulated polyethylene piping systems developed by the Company.

countries. Over the past two years, 15 additional sales agents were established abroad.

Our best export businesses are those for which there are also healthy, growing markets in Canada. Sound domestic markets support the risk of capacity expansion, research, and product and market development so essential for successful export activity.

Exports of "Sclair" polyethylene resins were up 17 per cent in 1979 after more than doubling during 1978. Most of this business is now in specialty resins. Good gains were also made in our "Dartek" nylon and "Sclairfilm" polyethylene specialty packaging films. Demand for "Cellophane" and for nylon tire yarn remained strong throughout the year. Sales of "Lycra" spandex yarn to Australasia were up sharply. New markets were identified for a number of other products as well, but lack of capacity prevented their development.

In addition, the Company again benefited from its association with E.I. du Pont de Nemours & Company through the sale of a number of products to other Du Pont subsidiaries needing additional supplies during the year.

Sales and Earnings
During 1979 sales rose to a record high of $879 million, 33 per cent above the previous year. The improvement reflects strong demand in both domestic and export markets and improved selling prices.

Revenue from products manufactured by E.I. du Pont de Nemours & Company and Petrosar Limited and sold by the Company was up 49 per cent from 1978.

Net income reached a record level of $59.0 million, equivalent to $7.46 per common share, for 1979. Most plants operated at or near capacity through much of the year. The combination of high capacity utilization, increased selling prices, close control of costs and expenses, and improved product mix resulted in a significant improvement in profit margin. Even with this improvement, however, our profit margin remains low by any reasonable standard.

	1979	1978
Net return on sales	6.7%	1.5%
Net return on average total investment	8.6%	3.0%

Raw material prices rose rapidly during 1979. Our selling prices were also up sharply reflecting the higher costs and strong demand.

Depreciation and amortization expense at $29.3 million was relatively unchanged from 1978. Selling, general and administrative expenses were lower as a percentage of sales, equalling 7.1 per cent in 1979 compared with 8.2 per cent in 1978. While interest rates rose to record levels in 1979, total interest expense declined by $2.4 million to $19.9 million in 1979 reflecting a substantial reduction in borrowings during the year.

Financing and Working Capital
The Company's financial position strengthened considerably during 1979. Funds generated internally amounted to $114 900 000 in 1979, compared with $48 849 000 in 1978. Short-term loans from E.I. du Pont de Nemours & Company which amounted to $30 000 000 Canadian at 1979 January 01 were paid off during the year.

In addition, $30 000 000 of U.S. dollar long-term debt matured in 1979 and was repaid. The ratio of total debt to total capital was reduced from 54% at the end of 1978 to 41% at the end of 1979.

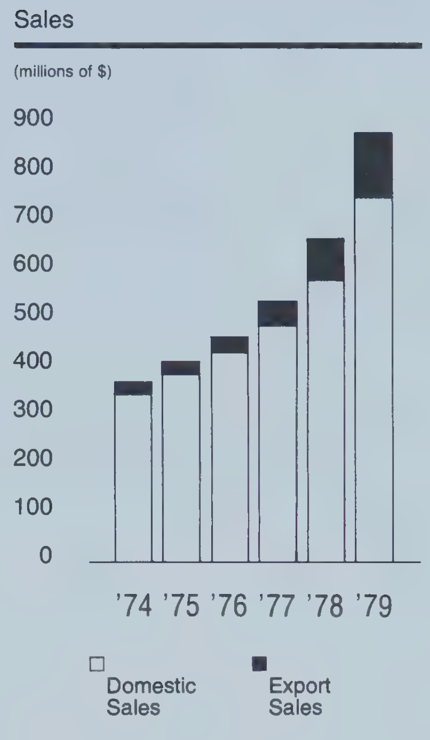
Working capital was $109 195 000 at year-end, an increase of $72 780 000 from a year ago. Accounts receivable and inventories increased by $49.8 million as a result of sharply higher sales while current liabilities declined by $21.8 million.

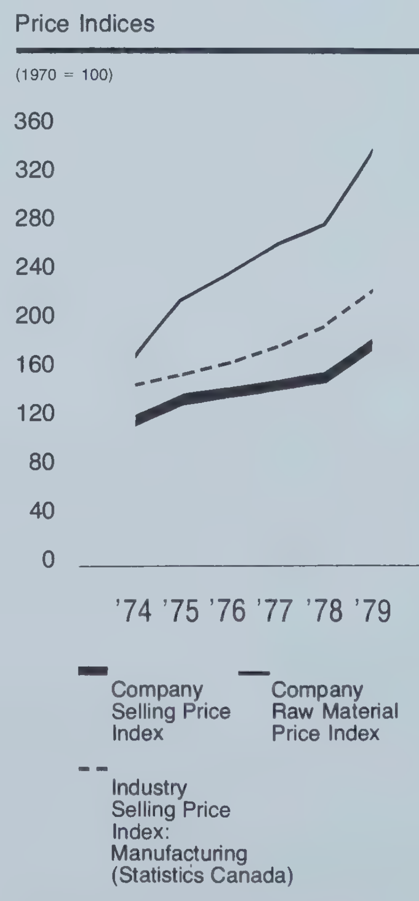
Additions to plants and properties in 1979 totalled $23.3 million, an increase of $12.7 million from the previous year. The unexpended balance of authorized projects amounted to $27.5 million at year-end.

To assist Petrosar Limited in meeting its capital requirements, the Company invested an additional $2 376 000 in its Class B preference shares. Purchases of ethylene and other chemicals have exceeded the minimum levels called for under the take or pay contracts with Petrosar.

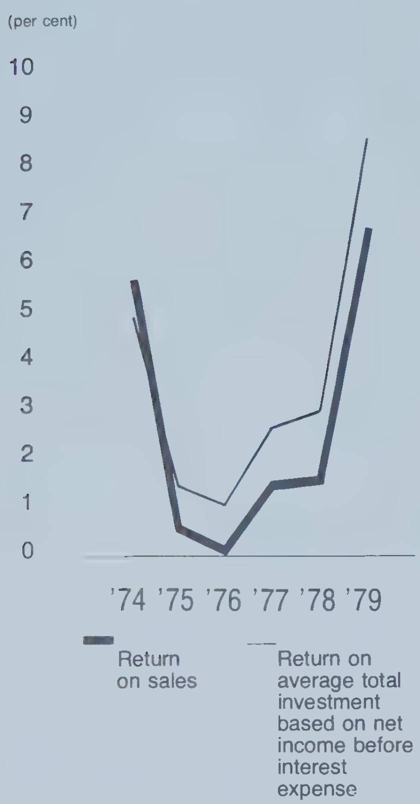
Inflation and Financial Results
Inflation has a major impact on the financial position and results of operations of a business. A key factor is that in a period of rapidly rising prices, a significant portion of earnings determined on a historical cost basis is required to replace inventories and to maintain the operating capacity of productive assets. If this portion is taxed (as it is) or if it is distributed as dividends (which is often the case), there is an erosion of capital of the business.

Financial statements based on historical costs do not identify this problem. The accounting profession has made progress towards an appropriate form of disclosure of the effects of changing prices. However, no consensus has been reached in Canada on the format to be used in

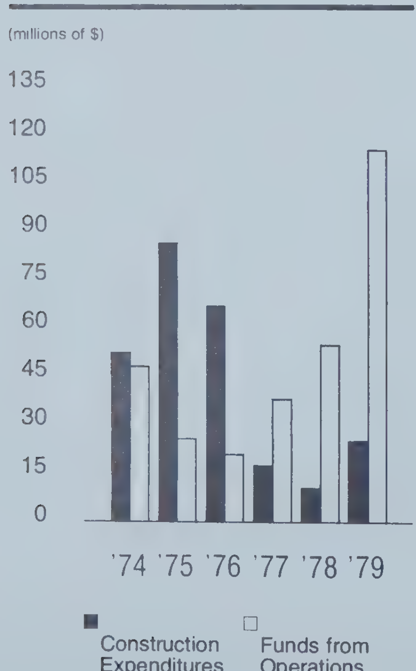




Profitability



Construction Expenditures and Funds from Operations



presenting this information. The Ontario Committee on Inflation Accounting recommended use of the accompanying table as a means of indicating the impact of inflation on funds available for distribution or expansion. Although the numbers are based on indices and are therefore not precise, we believe they are indicative of the problem. The impact could be stated another way: of the $7.46 per share reported as earnings for 1979, only $4.42 is available for dividends or growth while $3.04 is required for reinvestment to keep the corporate asset base intact.

Impact of Inflation on Funds Available for Distribution or Expansion (Dollars in millions) Unaudited

	1979
Funds generated from operations (see Consolidated Statement of Changes in Financial Position, page 19)	$115
Less: Funds required to finance original cost of productive assets (historical cost depreciation)	29
Funds available for distribution or expansion based on historical cost	86
Deduct: Impact of Inflation	
Funds required to finance increased cost of maintaining operating capacity:	
Inventories*	18
Plant, machinery, and equipment**	23
	41
Less: Additional funds which may be available from borrowings***	17
Impact of Inflation	24
Funds available for distribution or expansion after allowing for the impact of inflation	$ 62

*
The increased cost of replaci inventories ($18 million) represents the difference between the historical cost a the estimated current cost o goods sold at the date of sal

**
The increased cost of maintaining the operating capacity of productive asset ($23 million) represents the difference between the depreciation taken in the accounts and depreciation fo the year determined after applying indices to arrive at current cost of the assets, using the business investme component of the Gross National Expenditure Implici Price Index.

***
The extent to which addition funds may be available from borrowings ($17 million) is based on the ratio of equity t non-equity capital at the beginning of the accounting period on the assumption th this ratio is maintained.

Auditors' Report

The Shareholders,
Du Pont Canada Inc.

We have examined the consolidated balance sheet of Du Pont Canada Inc. as at 1979 December 31 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at 1979 December 31 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Touche Ross & Co

Chartered Accountants
Montreal, Quebec
1980 February 29

Consolidated Statement of Income
Year Ended 1979 December 31

(Dollars in thousands except per common share)	1979	1978
Net Sales	$879 221	$661 851
Other income	398	766
	879 619	662 617
Less:		
Costs and expenses before the following:	661 369	524 535
Provision for depreciation of plants and properties and amortization of capital leases	29 092	29 126
Amortization of patents and processes	219	224
Adjustment to carrying value of mining ventures	2 118	1 121
Selling, general and administrative expenses	62 480	54 457
Research and development expenses	6 654	6 090
Exchange on long-term debt due within one year	—	6 057
Interest on debt initially incurred for terms in excess of one year	15 577	16 370
Interest on other indebtedness	4 372	6 028
	781 881	644 008
Earnings Before Income Taxes	97 738	18 609
Less: Income taxes (Note 1)	38 761	8 373
Net Income	**$ 58 977**	**$ 10 236**
Earnings Per Common Share	**$7.46**	**$1.28**

Consolidated Statement of Changes in Financial Position
Year Ended 1979 December 31

(Dollars in thousands)	1979	1978
Source of Funds		
From operations		
Net income	$ 58 977	$ 10 236
Adjustment for items not requiring outlay of funds:		
Depreciation and amortization	29 311	29 350
Adjustment to carrying value of mining ventures	2 118	1 121
Deferred income taxes	24 494	8 421
Accrued interest income on loan to Petrosar	—	(279)
	114 900	48 849
Increase in long-term debt	204	—
	115 104	48 849
Use of Funds		
Additions to plants and properties	23 339	10 674
Investments, advances, and sundry	12 896	11 073
Reduction in long-term debt	—	29 517
Dividends	6 089	174
	42 324	51 438
Increase (decrease) in working capital for the year	72 780	(2 589)
Working capital at beginning of year	36 415	39 004
Working capital at end of year	**$109 195**	**$ 36 415**

Consolidated Balance Sheet
1979 December 31

Assets (Dollars in thousands)	1979	1978
Current Assets		
Cash	$ 4 827	$ 6 097
Accounts receivable:		
Customers and others	117 239	102 566
Affiliated companies	8 601	5 452
Inventories:		
Finished goods and work in process	77 454	53 297
Raw materials and supplies	28 842	21 064
Prepaid expenses	4 736	2 203
	241 699	190 679
Plants and Properties (Note 2)	553 727	531 020
Less: Accumulated depreciation and amortization	293 530	265 070
	260 197	265 950
Other Assets		
Petrosar Limited (Note 3)	49 214	46 838
Mining ventures (Note 4)	5 810	4 833
Goodwill, patents and processes	3 544	3 648
Unamortized portion of long-term debt expenses	1 099	1 418
Sundry (Note 5)	12 139	4 510
	71 806	61 247
	$573 702	**$517 876**

Liabilities (Dollars in thousands)	1979	1978
Current Liabilities		
Short-term indebtedness:		
E.I. du Pont de Nemours & Company	$ —	$ 30 000
Bank and other	37 009	24 231
Accounts payable and accrued liabilities:		
E.I. du Pont de Nemours & Company	17 163	14 392
Other	56 629	46 959
Taxes payable	17 286	3 065
Dividends payable	3 592	43
Current portion of long-term debt (Note 6)	825	35 574
	132 504	154 264
Long-Term Debt (Note 6)	125 204	125 000
Deferred Income Taxes	79 920	55 426
Shareholders' Equity		
Stated capital: (Note 7)		
Preferred — Class A cumulative 46 500 shares	2 325	2 325
Common — Class A, Series 1 7 886 298 shares	40 031	40 031
Retained earnings	193 718	140 830
	236 074	183 186
	$573 702	**$517 876**

Signed on behalf of the Board:

D. C. Jones
J. E. Newall } Directors

Consolidated Statement of Retained Earnings
Year Ended 1979 December 31

(Dollars in thousands)	1979	1978
Balance at beginning of year	$140 830	$130 768
Add:		
Net income	58 977	10 236
	199 807	141 004
Less:		
Dividends declared on —		
Preferred stock ($3.75 per share)	174	174
Common stock ($0.75 per share in 1979)	5 915	—
	6 089	174
Balance at end of year	**$193 718**	**$140 830**

Summary of Significant Accounting Policies

Basis of Consolidation
Du Pont Canada Inc. is incorporated under the laws of Canada and the consolidated financial statements, based on historic cost, are prepared in conformity with the provisions of the Canada Business Corporations Act. Subsidiary companies are all wholly owned but only Du Pont of Canada Exploration Limited is active.

Translation of Foreign Currencies
Net current assets in foreign currencies are translated into Canadian dollars at rates in effect at the end of each year. Other assets and liabilities and income and expense items are translated at the rates prevailing on transaction dates. Gains and losses on translation are included in income.

Inventories
Inventories are valued at the lower of average cost and net realizable value.

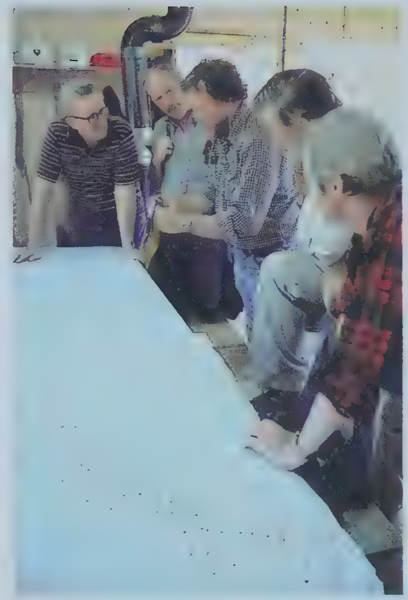
Plants and Properties and Related Depreciation and Amortization
Plants and properties are carried at cost. Pre-production expenses and interest on borrowed money incurred in connection with new production facilities are charged to expense as incurred.

Depreciation is provided based on the average useful life of assets. Using the diminishing balance method, rates of 12% or 10% are applied to the net investment at each plant site, provided that amounts set aside in the accounts are not less than 5% of the original cost. Thus the provision for depreciation is higher in the early life of the assets when the risk is greater. The relatively small investments in other properties are depreciated at various rates. Generally, depreciation is not charged on new assets until they become operative. When assets are retired, sold or otherwise disposed of, the gross book value and dismantling costs are charged to accumulated depreciation; any recovery is credited to accumulated depreciation.

Amortization of assets under capital leases generally is treated in the same way as depreciation.

Mining Ventures
Investments are carried at cost adjusted for write-offs. Exploration costs are deferred and amortized on the diminishing balance method at a 50% rate. Costs of property rights and development are deferred and amortized over the life of any successful project or expensed if the project is abandoned.

Goodwill, Patents and Processes
Goodwill was acquired prior to 1974 and is not amortized. Purchased patents and processes are amortized over their economic life.



Plan of Chappelle, B.C., gold/silver deposit is examined by senior management: (L-R) Ted Newall, Gordon Wittman, Sandy MacLean (geologist), Don Ivison and Jerry Fox. Below is entrance to Chappelle workings.

Notes To Consolidated Financial Statements

Note 1 — Income Taxes

Income tax benefits relating to the federal investment tax credit are included in income when realized. As a result, income taxes in 1979 were reduced by $3 972 000 (1978 nil). At 1979 December 31 potential income tax benefits still not recorded in income amounted to approximately $1 300 000.

Note 2 — Plants and Properties

	1979	1978
	(Dollars in thousands)	
Buildings and equipment and other facilities	$467 504	$456 251
Construction in progress	77 570	70 246
Assets under capital leases	4 125	—
Land	4 528	4 523
	$553 727	$531 020

— Accumulated Depreciation and Amortization

	1979	1978
	(Dollars in thousands)	
Depreciation	$293 466	$265 070
Amortization of assets under capital leases	64	—
	$293 530	$265 070

Of construction in progress at 1979 December 31, $66 708 000 is attributed to Les Usines Coteau. Although commercial production had not begun, depreciation of $1 600 000 relating to facilities in use was charged against income for the period.

At 1979 December 31, $27 488 000 remained unexpended on authorized appropriations for capital expenditures.

Note 3 — Petrosar Limited

The Company has a 20% equity interest in Petrosar Limited, a world-scale petrochemical complex near Sarnia, Ontario. The other equity shareholders are Polysar Limited, which together with the Canada Development Corporation, holds a 60% equity interest and Union Carbide Canada Limited which holds a 20% equity interest. The Company's investment in Petrosar is carried at cost.

Operating earnings of Petrosar were approximately $17 000 000 for the year ended 1979 December 31 and at that date total shareholders' equity, including $425 000 000 of Class A preference shares, amounted to approximately $620 000 000.

Under various agreements with certain shareholders of Petrosar and with its bankers, the Company has committed to provide Petrosar with funds to meet 21.6% of any deficiency for working capital or for dividends on or redemptions of the Class A redeemable preference shares which are held by a consortium of banks. During the year the Company acquired Class B preference shares under this commitment at a cost of $2 376 000.

At year-end, the Company's investment in Petrosar consisted of:

	1979	1978
	(Dollars in thousands)	
Common shares	$10 000	$10 000
Class B preference shares	9 504	7 128
Class C preference shares	29 710	29 710
	$49 214	$46 838

The Company is also committed under long-term contracts to purchase ethylene and other chemical products from Petrosar or otherwise indemnify that company.

Note 4 — Mining Ventures

	1979	1978
	(Dollars in thousands)	
Investments in and advances to mining companies (at cost less amounts written-off)		
— Lacana Mining Corporation	$3 591	$3 591
— Ducanex Resources Limited	42	41
Expenditures on direct participation in other mining ventures (net of accumulated amortization 1979 - $7 129 000 1978 - $5 011 000)	2 177	1 201
	$5 810	$4 833

The Company's investment in Lacana Mining Corporation, consisting of 14.5% of the outstanding common shares, has a market value of $13 056 000 based on the last transaction price on The Toronto Stock Exchange on 1979 December 31. Lacana has outstanding a bank term loan which the Company has guaranteed up to $3 000 000 if Lacana is unable to repay on maturity because of expropriation or legislated sale or a similar event affecting its Mexican interests.

The Company has notified Lacana of its intention to exercise its option to purchase 1 000 000 of the unissued shares of Lacana and to sell its entire holding of Lacana shares to Newmont Mining Corporation. These transactions are subject to approval under the Foreign Investment Review Act.

Ducanex Resources Limited is a private company owned jointly by the Company and Lacana.

Expenditures on direct participation in other mining ventures reflect exploration activities by Du Pont of Canada Exploration Limited and by a joint venture with Lacana.

Note 5 — Sundry

As a part of its employee relocation procedure, the Company makes loans to transferred employees to assist in the acquisition of a principal residence at their new location. Included in Sundry is $7 404 000 representing the non-current portion of such loans outstanding at 1979 December 31 ($3 853 000 at 1978 December 31).

Note 6 — Long-Term Debt

	1979	1978
	(Dollars in thousands)	
8% Note — U.S. $5 000 000 due 1979 February 01	$ —	$ 4 852
10⅜% Notes — U.S. $25 000 000 due 1979 November 15	—	24 665
9½% Notes due 1981 February 15	50 000	50 000
10½% Sinking Fund Debentures due 1995 May 01	72 000	75 000
Obligations under capital leases — five year term, 12% rate	4 029	—
Exchange on long-term debt due within one year	—	6 057
	126 029	160 574
Less: Amount due within one year	825	35 574
	$125 204	$125 000

Sinking fund provisions of the debentures require the Company to make payments to the trustee sufficient to retire $3 000 000 principal amount on May 01 in each of the years 1980 to 1994 inclusive. The Company has purchased $3 000 000 of debentures on the open market in anticipation of future sinking fund payments and has applied the purchase to reduce the current portion of

long-term debt.

Future minimum lease payments under capital leases together with the present value of the net minimum capital lease payments at 1979 December 31 are as follows:

Minimum lease payments for years ending December 31	(Dollars in thousands)
1980	$1 259
1981	1 160
1982	1 060
1983	962
1984	773
Net minimum lease payments	5 214
Less: Imputed interest	1 185
Present value of minimum lease payments	**$4 029**

Note 7 — Stated Capital

Effective 1979 June 01, the Company was continued under the Canada Business Corporations Act and, without affecting the rights of any of the shareholders, the capital structure of the Company was changed.

Note 8 — Minimum Lease Payments under Operating Leases

The Company's future minimum lease payments under operating leases are as follows:

Minimum lease payments for years ending December 31	(Dollars in thousands)
1980	$ 3 961
1981	3 359
1982	3 018
1983	2 528
1984	574
Remainder	1 032
	$14 472

All leases entered into prior to 1979 January 01 are treated as operating leases. The Accounting Recommendation of the Canadian Institute of Chartered Accountants on leases was not adopted retroactively by the Company because the effect would have been immaterial.

Note 9 — Pension Liabilities

Pensions for former employees under the Company's non-contributory Pension Plan are based on length of service and average annual earnings in the employee's five best years (reduced to thirty-six months 1980 January 01). The costs of the Pension Plan are borne by the Company and payments are made directly to an irrevocable trust fund held by an independent trustee.

As at 1979 December 31, the amount held by the independent trustee (book value $146 388 000) exceeded the actuarially determined value of pensions earned to that date. The formal actuarial evaluation, which also projects employee service and remuneration to future years when individual pensions are expected to begin, disclosed an estimated unfunded past service liability of $9 900 000 as of 1979 December 31. In addition, improvements were made to the plan effective 1980 January 01, which, based on projected service and remuneration, give rise to a further estimated unfunded past service liability of $15 800 000.

These liabilities are being funded by regular payments which are charged against earnings over periods not exceeding 15 years as permitted by The Pension Benefits Act of the Province of Ontario.

In 1979 payments to the Pension Plan charged against earnings amounted to $11 367 000 compared to $10 075 000 in 1978. In addition, a special payment of $4 040 000 was made to fund the full cost of improvements to existing pensions granted pensioners late in 1979. This payment is being charged against earnings over 15 years.

Note 10 — Pending Legal Proceedings

Various lawsuits and claims are pending against the Company. It is the opinion of Company counsel that the ultimate liability, if any, resulting from such lawsuits and claims will not materially affect the financial position of the Company.

Note 11 — Segmented Information — 1979

Industry Segments
(Dollars in thousands)

	Fibres	**Plastics and Films**	**Chemicals**	**Consolidated**
Sales to outside customers	**$310 319**	**$304 125**	**$264 777**	**$879 221**
Operating profit	**$ 34 078**	**$ 50 155**	**$ 35 469**	$119 702
Other income				398
General corporate expenses				(2 413)
Interest expense				(19 949)
Income taxes				(38 761)
Net income				**$ 58 977**
Identifiable Assets	**$263 480**	**$179 155**	**$ 83 003**	$525 638
Corporate assets				48 064
Total Assets				**$573 702**
Capital Expenditures	**$ 13 744**	**$ 3 574**	**$ 3 831**	
Depreciation and Amortization	**$ 15 143**	**$ 9 391**	**$ 2 951**	

The industry segments have been determined by the directors of the Company as recorded in the minutes of a Board meeting held 1980 February 29. The segments have been determined based on the Statistics Canada Standard Industrial Classification Codes adjusted for marketing and operating conditions within the Company. The Fibres segment consists of the manufacture and marketing of synthetic fibres to the textile, home furnishings, tire and industrial markets. The Plastics and Films segment covers manufacture and marketing of polyethylene resins, woven polyolefins, polyethylene pipe, polyethylene and other packaging films. The Chemicals segment consists of the manufacture and marketing of fluorocarbons, petroleum chemicals, finishes, explosives and the resale of a variety of chemical or related products purchased from E.I. du Pont de Nemours & Company and Petrosar Limited.

Export Sales amounted to $137 469 000.

Note 12 — Remuneration of Directors and Officers

During 1979, the remuneration of the eleven directors aggregated $105 000 and of the fifteen officers (including two past officers) aggregated $1 758 000. Two of these officers were also directors.

Ten-Year Comparison

(Amounts in thousands of dollars except where otherwise noted)	1979	1978	1977	1976
Operating Results				
Results per common share				
Total earnings (loss)	**$7.46**	**$1.28**	**$0.94**	**$(0.29)**
Funds from operations	**$14.55**	**$6.17**	**$4.86**	**$2.52**
Dividends	**$0.75**	—	—	**$0.20**
Sales and other income	879 619	662 617	537 552	458 832
Costs and expenses before the following:	730 503	591 139	477 038	421 813
Provision for depreciation, amortization, and other*	31 429	30 471	27 794	23 471
Interest on borrowed money	19 949	22 398	19 421	16 551
Taxes on income	38 761	8 373	5 677	(861)
Extraordinary items	—	—	—	—
Net income (loss)	**58 977**	**10 236**	**7 622**	**(2 142)**
Per cent return on:				
Average total investment**	**8.6**	**3.0**	**2.6**	**1.1**
Average common shareholders' equity	**28.7**	**5.7**	**4.4**	—
Financial Position				
Total current assets	241 699	190 679	161 544	133 624
Total current liabilities	132 504	154 264	122 540	100 838
Net working capital	109 195	36 415	39 004	32 786
Plants and properties at cost	553 727	531 020	527 898	521 023
Accumulated depreciation and amortization	293 530	265 070	243 496	227 057
Plants and properties — net	260 197	265 950	284 402	293 966
Other assets	71 806	61 247	51 240	34 784
Long-term debt	125 204	125 000	154 517	154 517
Deferred income taxes	79 920	55 426	47 005	41 343
Shareholders' equity	**236 074**	**183 186**	**173 124**	**165 676**
General				
Company selling price index — manufactured products (1970 = 100)	**179**	**153**	**145**	**140**
Construction expenditures	**23 339**	**10 674**	**16 679**	**65 793**
Average total investment***	**818 645**	**759 796**	**714 239**	**657 197**
Shareholders' equity per common share	**$29.64**	**$22.93**	**$21.66**	**$20.71**
Average number of employees	**5 560**	**5 408**	**5 473**	**5 713**
Average total investment per employee	**147.2**	**140.4**	**130.5**	**115.0**

1975	1974	1973	1972	1971	1970
$0.23	**$2.62**	**$2.17**	**$1.72**	**$1.32**	**$0.63**
$3.32	**$6.22**	**$5.14**	**$3.94**	**$3.21**	**$2.58**
$0.50	**$1.00**	**$0.95**	**$0.85**	**$0.625**	**$0.75**
410 810	369 025	307 954	260 737	228 333	211 398
376 854	311 681	258 913	218 384	190 810	184 682
19 862	17 726	16 766	16 385	15 673	15 357
10 217	4 658	2 160	629	1 058	2 635
557	15 157	12 847	11 609	10 184	3 561
1 295	(994)	—	—	—	—
2 025	**20 797**	**17 268**	**13 730**	**10 608**	**5 163**
1.4	**5.0**	**4.6**	**3.9**	**3.2**	**1.9**
1.1	**12.5**	**11.3**	**9.4**	**7.6**	**3.7**
139 024	124 837	91 768	83 294	68 583	74 114
93 312	80 841	55 594	35 566	32 995	46 806
45 712	43 996	36 174	47 728	35 588	27 308
458 592	375 610	333 293	292 891	275 532	272 313
208 155	191 758	183 511	170 291	158 000	146 389
250 437	183 852	149 782	122 600	117 532	125 924
20 191	12 844	11 235	10 604	9 822	5 035
104 517	29 517	10 000	10 000	—	—
42 253	39 513	28 266	21 608	20 471	21 301
169 570	**171 662**	**158 925**	**149 324**	**142 471**	**136 966**
133	**118**	**95**	**93**	**95**	**100**
87 542	**53 177**	**42 948**	**20 360**	**7 504**	**12 867**
546 238	**465 738**	**402 816**	**362 321**	**347 829**	**344 881**
$21.21	**$21.47**	**$19.86**	**$18.64**	**$17.77**	**$17.07**
5 734	**5 746**	**5 538**	**5 113**	**5 158**	**6 311**
95.3	**81.1**	**72.7**	**70.9**	**67.4**	**54.6**

* Includes adjustment to the carrying value of mining ventures beginning in 1972.

** Based on net income before interest expense.

*** Total investment is based on total assets before deducting accumulated depreciation and amortization; the average is based on the investment of each calendar month.

Products Listing

Fibres

Manufactured:

Nylon continuous filament yarns, staple, tow and bulked continuous filament (BCF) yarns.

- ● ANTRON nylon for textiles and carpets
- ● ORLON acrylic fibre, staple and tow
- ● LYCRA spandex fibre
- ● DACRON polyester filament yarn
- ● HYTEN wrapped filament yarn
- □ FIBRELOFT synthetic discontinuous filaments

Resale:

- * NOMEX high temperature resistant nylon
- * TEFLON fluorocarbon fibre
- * DACRON polyester staple
- * KEVLAR aramid fibre
- * CORDURA yarn
- * DACRON * HOLLOFIL polyester
- * SERELL air textured polyester yarns
- * QIANA nylon

Plastics and Films

Manufactured:

- □ CELLOPHANE cellulose film
- □ SCLAIRFILM polyolefin film
- □ DARTEK nylon film
- □ FABRENE woven polyolefin material
- □ PERFIL fibrillated polyolefin tape
- □ ANCHOR-BAC carpet backing
- ● VEXAR plastic netting

Nylon monofilament

- □ SCLAIR polyethylene resins
- ● ZYTEL nylon resins
- □ SCLAIRPIPE polyethylene pipe
- ● ALDYL polyethylene piping systems
- □ SCLAIRCOR polyolefin piping systems
- □ SCLAIRLOC pipe couplings

Resale:

- * MYLAR polyester film
- * KAPTON polyimide film
- * TEDLAR PVF film
- * TYPAR spunbonded polypropylene carpet backing

Liquid packaging machines

Plastic materials for molding and extrusion including:

- ● ALATHON polyolefin resins
- * DELRIN acetal resins
- * LUCITE acrylic resins
- * MINLON engineering thermoplastic resins
- * RYNITE polyester resin powders
- * SURLYN ionomer resins
- * TEFLON fluorocarbon resins
- * ZYTEL ST Supertough nylon resins

Polymers for adhesives and coatings including:

- * ELVACE acetate/ethylene emulsions
- * ELVACITE acrylic resins
- * ELVAMIDE nylon resins
- * ELVANOL polyvinyl alcohol
- * ELVAX vinyl resins

- ● DYMETROL nylon strapping
- ● STREN nylon fishing line
- * BUTACITE polyvinyl butyral resin sheeting for safety glass
- * VESPEL precision parts from polyimide resins

Trade Mark Identification

- ● Trade Mark of E.I. du Pont de Nemours & Company under which Du Pont Canada Inc. is a Registered User.
- * Trade Mark of E.I. du Pont de Nemours & Company.
- □ Trade Mark of Du Pont Canada Inc.

Chemicals and Other Products

Manufactured:

- ● FREON fluorocarbon refrigerants, aerosol propellants, industrial solvents, blowing agents and fire extinguishing agents
- ● DYTEL leak detectives

Antiknock compounds and other petroleum additives

- ● VALCLENE dry-cleaning fluid
- ● ALBONE hydrogen peroxide

Protective and decorative finishes for automotive and industrial uses including:

- ● IMRON polyurethane finishes
- □ DULUX enamels
- ● CENTARI acrylic enamel
- ● LUCITE acrylic lacquer
- ● SILVERSTONE non-stick finishes
- ● TEFLON non-stick finishes

Commercial explosives including:

- □ ENERGEX water gel seismic explosive
- ● TOVEX water gels
- ● NILITE and ● TOVITE blasting agents and □ COR-DET primers

Hydrochloric, nitric and adipic acids

Resale:

Ammonium nitrate prills and blasting accessories; dynamites

- * DETAPRIME primers
- * DETASHEET flex explosives

Smokeless powders

- * FASLOC resin-anchored bolting systems
- * CYREL and * DYCRIL photopolymer printing plates and equipment
- * CROMALIN photopolymer film, toners and equipment

Graphic arts, engineering reproduction and drafting films, and equipment

Electronic products — * RISTON photopolymer film resists and equipment, precious metal preparations, and Berg interconnectors

Scientific and Process Instruments

Automatic Clinical Analyzer

- * CRONEX medical X-ray films, supplies and equipment
- * HYTREL polyester elastomers
- * VAMAC ethylene acrylic elastomers

Neoprene, *NORDEL, * HYPALON, * ADIPRENE and * VITON synthetic rubbers

Pigments

Dyes

Organic chemicals

- * ZEPEL rain and stain repelling fabric fluoridizer
- * REEMAY spunbonded polyester, * TYVEK spunbonded olefin, * TYPAR spunbonded polypropylene and * SONTARA spunlaced fabrics

Industrial chemicals

- * DEXLAR flexible acrylic enamel
- * ZELCON fabric conditioner
- * TEFLON carpet protector

Chemical intermediates

- * HYVAR, * KARMEX, * KRENITE, * KROVAR, * LEXONE, * LOROX, * SINBAR, and * VELPAR weed killers
- * BENLATE, * MANZATE 200, and * TERSAN fungicides
- * LANNATE and * MARLATE insecticides
- * HYDAN feed supplement

Programmed instruction courses

One of the major uses for "Lycra" spandex fibre, manufactured at Maitland, Ontario, is in elasticizing lightweight fabrics for swim wear.

Directory

Plants

Ajax Works
408 Fairall Street
Ajax, Ontario L1S 1R6

Kingston Works
P.O. Box 2100
Kingston, Ontario K7L 4Z6

Maitland Works
Maitland, Ontario K0E 1P0

Nipissing Works
P.O. Box 900
North Bay, Ontario P1B 8K2

St. Clair River Works
Corunna, Ontario N0N 1G0

Les Usines de Shawinigan
Rue Summit
C.P. 870
Shawinigan, Québec G9N 6W6

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South Blair Street
P.O. Box 1480
Whitby, Ontario L1N 5S6

Les Usines Coteau
(under construction)
C.P. 430
Coteau-du-Lac, Québec
J0P 1B0

Sales offices

Ajax, Ontario L1S 1R6
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(416) 683-5500

Calgary, Alberta T2H 2K6
Suite 300, Centre 70
7015 MacLeod Trail South
(403) 259-4640

Fredericton, New Brunswick E3B 5E2
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Hanwell Road
(506) 454-3813

Montreal, Quebec H2Z 1B1
555 Dorchester Boulevard W.
(514) 861-3861

Sudbury, Ontario P3E 3M3
18 Durham Street South
(705) 674-0754

Toronto Area
115 Idema Road
Markham, Ontario L3R 1A9
(416) 498-9380

P.O. Box 2200
Streetsville Postal Station
Mississauga, Ontario L5M 2H3
(416) 821-3300

P.O. Box 26
Toronto Dominion Bank Tower
Toronto, Ontario M5K 1B6
(416) 362-5621

Vancouver, British Columbia V6G 1A5
1550 Alberni Street
(604) 684-9264

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1717 Dublin Avenue
(204) 633-9151

Research Centre

P.O. Box 5000
Kingston, Ontario K7L 5A5

Customer Technical Centre

P.O. Box 3500
Kingston, Ontario K7L 5A1

Distribution Centre

6000 Trans Canada Highway
Pointe Claire, Quebec H9R 1B9
(514) 697-8840

Du Pont of Canada Exploration Limited

1550 Alberni Street
Vancouver, B.C. V6G 1A5
(604) 684-9264

Stock Listings

Common Stock —
Valuation Day value $20.25
Montreal Stock Exchange
Toronto Stock Exchange

Preferred Stock —
Valuation Day value $52.00
Montreal Stock Exchange

Stock Transfer Agent and Registrar

Montreal Trust Company
Montreal, Toronto, Calgary and Vancouver

Debenture Transfer Agent and Registrar

The Royal Trust Company
Montreal

Royal Trust Corporation of Canada
Toronto, Winnipeg, Calgary and Vancouver

Auditors

Touche Ross & Co.
1 Place Ville Marie
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